

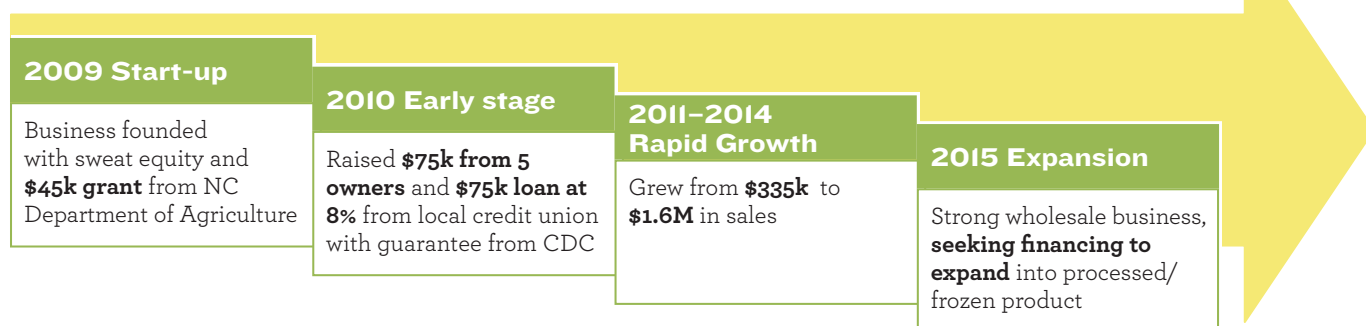


PART 3

CASE MATERIALS

Company Financing History & Current Investment Needs

GOOD FOOD CO | local made easy



2009

Mary Distrofood, former farmer and buyer for Whole Foods Market, founds Good Food Co. Investing her own sweat equity and relationships, Mary Distrofood begins connecting farmers with wholesale outlets. With a \$45k grant from the NC Department of Agriculture, Good Food Co (GFC) hires one part-time worker and leases a 75 square foot cooler with which the company sells \$140k in first year.

2010

In the Fall of 2010, GFC leases 3,000 square feet in a warehouse and raises \$150k to build out a 500 square foot cooler and 150 square foot freezer. Half of the raise is in equity from Mary and 4 farmer-suppliers who join as owners. The other half is an equipment loan for \$75k at 8% interest from a local credit union secured by the equipment and backed in part by a guarantee from a local community development corporation.

2013

GFC continues to grow quickly and by 2013 sales have reached over \$1 million and the company has positive EBITDA for the first time.

2014

Sales continue to grow rapidly. With over \$1.6 million in sales, GFC has its first year of positive net income of \$27k.

2015

Seeing an opportunity with institutional food service customers to offer lightly processed and frozen local fruits and vegetables, Good Food Co is seeking \$700k in financing to build out its processing capacity. GFC estimates that it needs \$500k to purchase processing and freezing equipment and additional cooler and freezer capacity and an estimated \$200k line of credit to finance purchasing seconds during peak season and holding frozen inventory throughout the school year. GFC plans to conduct an equity raise from current owners and potentially bring on additional owners and hopes to finance the rest through a combination of grants and loans.

Seeking \$700k	Sources Considered
<ul style="list-style-type: none">• \$500k for equipment and cold storage• \$200k line of credit for seasonal purchasing	<ul style="list-style-type: none">• Equity from current owners and potential new owners• Federal or state grants• Loans—ideally low interest

PART 3 – POTENTIAL FINANCING PARTNERS

Read about the tools, risk profiles, and goals of the potential investors

	Tools/Products	Risk/return profile	Goals
NC Regional Bank <i>Lender</i>	Secured loans, equipment loan rates range 5–12%	Medium/medium. Focused on growth businesses.	Traditional bank but with community-focus.
NC Community Development Financial Institution <i>Lender</i>	Secured loans, equipment loan rates range 4–10%	Medium-high/medium.	Lend to those not reached by traditional banks, particularly women, rural-owned businesses. Mission: economic development
NC Smaller Environment-focused CDFI <i>Lender</i>	Secured loans; unsecured loans; subordinated debt; lines of credit. Rates range according to security 5–10%	Medium-high/medium.	Mission: environmental preservation including preserving working landscapes
NC Economy-focused Innovative Foundation <i>Grantor + Lender</i>	Grants to nonprofits; program-related investments (PRIs) to non-profits and for-profits (0-4% interest); exploring mission-related investments	Low/low; high/low	Mission: rural and urban economic development Have undertaken 3 PRIs successfully, interested in increasing track record
Current owners <i>Equity Investors</i>	Equity investment; Mary Distrofood (51% owner); among 5 current owners, capacity ranges from \$10k to \$75k.	Depends on owner. Medium/medium. Looking for use of the business as well as return.	Company growth — move more product through business from their farms. Increase in value of asset. Mission: thriving farm economy

	Tools/Products	Risk/return profile	Goals
Current farmer-suppliers interested in becoming owners <i>Equity Investors</i>	Equity investment; 2 farmer-suppliers interested, potentially \$25k each	Medium/medium. Looking for use of the business as well as return.	Ownership in company Company growth — move more product through from their farms.
GFC Employees <i>Equity Investors</i>	Equity investment; 1 employee interested, potentially \$10k investment	Medium/medium. Looking for continued employment as well as return.	Ownership in company. Company growth — better off business means better pay.
Ms. Neighbor Angel Investor <i>Equity Investor</i>	Equity investment up to \$25k	High/high. Potentially more patient/lower return for social/enviro/econ impact.	Invest tiny portion of assets in local mission-oriented business Impact: wants thriving agricultural landscape, interested in organic/sustainable farming.
Wadesboro Community Economic Development Department <i>Grantor</i>	<p>Small grants to support businesses and job creation.</p> <p>Façade Improvement Grant — up to \$10k for business façade improvements in distressed neighborhoods</p> <p>Local Job Creation Grant — \$5k for each new job created up to \$50k for new or significantly expanding businesses</p>	Low/none-low	Economic development and preservation of Wadesboro community
Greater Charlotte Regional Council of Governments (CDC) <i>Grantor + Lender</i>	<p>Grants and loans; often pass-through local, state, and federal funds to businesses;</p> <p>e.g. Community Development Block Grants, \$20k for each job created up to \$500k Business development services</p>	Low/low; high/low	<p>Mission: rural and urban economic development</p> <p>Have undertaken 3 PRIs successfully, interested in increasing track record</p>

	Tools/Products	Risk/return profile	Goals
NC Department of Agriculture <i>Grantor</i>	Grants to increase Farm to School: \$10k-\$120k, CDCs and Non-profits eligible.	Low/none-low	Strengthen NC farmers and agricultural economy Farm to School: connecting farmers with new markets
U.S Department of Agriculture (USDA) <i>Lender + Grantor</i>	Many loan, loan guarantee, and grant programs. Such as: Value-Added Producer Grant programs — grants for farmers or majority farmer-owned businesses for business planning or working capital. B&I Guaranteed Loan Program — guarantee fully-secured loans from banks to rural businesses.	Low-medium/none-low	Strengthen farms, agricultural and rural economies
Small Business Administration (SBA)	Guaranteed Loan Program — guarantees commercial loans from partner lenders structured to SBA's requirements. Venture Capital Program — SBA licenses and partially funds investment funds as Small Business Investment Company's to target small businesses for debt or equity financing	Low-medium/none-low	Support the growth of and strengthen small businesses of all types

PART 3 – WORKSHEET

Record your ideas for financing Good Food Co

Type of capital	Source Which partner is bringing funding to the table?	Amount How much?	Equity Requirements from funder? Interest rate? Other conditions?
Equity			
Total Equity			
Grants			
Total Grants			

Type of capital	Source Which partner is bringing funding to the table?	Amount How much?	Equity Requirements from funder? Interest rate? Other conditions?
Loans			
Total Debt			
Other types of capital?			
Total Other			
TOTAL			